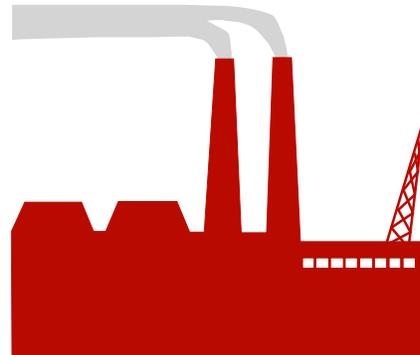


NEW SOURCE REVIEW ALTERNATIVE SECTOR-BASED APPROACH



US EPA
January 13, 2000



Goal

- ▶ To develop an alternative approach for NSR for an industrial sector that provides more certainty and flexibility in planning for the industry, while providing certainty in emission reductions.



General Framework

- ▶ Covering Electric Utility Industry (Coal-fired)
- ▶ Declining rate of emissions over time from the industry
- ▶ Must go beyond Phase II of Acid Rain and Regional NOx Strategy
- ▶ 10-15 year program
- ▶ Voluntary program



Basic Requirements

- ▶ Companies agree to a specific comprehensive pollution reduction program
- ▶ New units comply with NSR/PSD
- ▶ Modifications at existing units would be subject to NSR/PSD and use a potential to potential emission test



Overall Issues

- ▶ Have had discussions and received input on this approach from various stakeholders.
- ▶ Various issues have been raised of how such a sector-based approach could be structured and implemented.
- ▶ Looking for a multi-stakeholder discussion on these issues to help us understand how the pieces could fit together to make a workable program that companies would participate in, with real environmental progress.



Basic Requirements Issues

- ▶ Should the program be limited to coal-fired units only?
- ▶ A participating company (common owner or operator) must opt in all coal-fired units?
- ▶ May individual plants opt in?
- ▶ What pollutants are covered (PM, SO₂, NO_x, CO)?
- ▶ Should there be a requirement for superior environmental performance?
- ▶ What happens at the end of the program?
- ▶ Should there be a sign-up period?



Should There Be Trading?

- ▶ General Industry support for trading
- ▶ Concerns from States and Environmental Groups related to attainment of NAAQS and Class I areas if you allow trading
- ▶ Are protections needed?
- ▶ Averaging or Trading?



Trading/Averaging Issues

- ▶ How broad should trading be:
 - Geographically?
 - Pollutants covered?
 - Company-wide versus Cross company traded?
- ▶ Compliance time period (monthly, quarterly, yearly, etc.)
- ▶ Do you allow banking?
- ▶ How are shutdowns or changes in ownership treated?
- ▶ Can new units come into the program?
- ▶ What are the appropriate roles for State and Federal Governments?



State and Federal Roles

- ▶ NSR/PSD Program is implemented by States through SIPs
- ▶ Issues
 - Trading
 - ◆ Who tracks the emissions?
 - ◆ Who tracks the allowances/averages?
 - ◆ Who tracks compliance? (facility-wide or company-wide)
 - Can States modify the Federal program?



Timeframes and Target Levels

- ▶ What is the rationale for selecting any target emission rates or levels?
- ▶ When does the program begin and how long should it last? Why?

